



# Jeremy's Ethical Dilemma

- Jeremy owns DVD's Unlimited, a small retail store. He is having trouble competing with large discount stores like Walmart and Target (which offers DVD's at a much lower price). One day, a stranger offers Jeremy 1,000 DVD's of popular movies for a fraction of the usual cost. He suspects the DVD's are stolen but the price is really good and he needs the money to help pay for the store's bills.
- What would you tell Jeremy to do?



# Answer

- After thinking about it, Jeremy decides it would be unethical for him to buy the suspicious DVD's. He decides that a short-term gain is not worth taking the risk involved in buying them. Instead, he alerts the police and reports the stranger. It turns out that Jeremy was right. The DVD's were stolen and the police have been looking for them. If Jeremy had bought the DVD's and resold them, he would have been breaking the law and could have faced jail time and heavy fines.

# The Nature of Ethics

- Ethics are moral principles by which people conduct themselves personally, socially, or professionally.



# The Nature of Ethics cont...

- Business Ethics are rules based on moral principles about how businesses and employees ought to conduct themselves.
- Most businesses are committed to providing safe products, treating employees fairly, protecting the environment, and truthful accounting practices.
  - However, different cultures, businesses, and industries have different ethical standards.

# Laws and Ethics

- **Ethics** involve a system of moral principles that govern the appropriate conduct for a person or group.
- **Laws** involve rules for conduct that may be used to punish violators.
  - **OSHA** (Occupational Safety and Health Administration) is a division of the U.S. Department of Labor and sets and enforces work-related health and safety rules.
  - Other agencies protect consumers, address discrimination in the workplace, and promote truthfulness in financial reporting.

# Laws and Ethics cont...

- In business, people follow rules as well as a code of ethics.
- A code of ethics is a set of guidelines for maintaining ethics in the workplace.
- Most businesses police themselves with codes of ethics.
- A code of ethics can cover issues such as employee behavior and environmental safety.

# Laws and Ethics cont...

- Many unethical behaviors lead to the passage of legislation that makes those behaviors illegal.
  - In the US, bad working conditions are not only unethical, but they're illegal.
  - A sweatshop is a shop or factory in which workers are employed for long hours at low wages and under unhealthy conditions.



# Unethical Business Practices

- Lying, offering substandard merchandise, and/or treating customers and employees unfairly is unethical.
  - If a business violates gov't regulations, the owner can be fined or go to jail.
  - If an employee violates a company or professional code of ethics, the employee might be fired or lose his or her license.

# Conflicts of Interest

- A major ethical question that is not illegal creates a conflict of interest.
- A conflict of interest is a conflict between self-interest and professional obligation.
  - I.E. A manager of a small business is considering hiring his sister (who is unqualified to do the work). Giving the position to her would help out her family but would cause morale problems with current employees. What should he do?

# Content and Academic Vocabulary Wkst

- Workplace Ethics Video

# Ethical Questions

- When faced with an ethical decision, ask yourself:
  1. Is it against the law or does it violate company policy?
  2. How would I feel if someone did this to me?
  3. Am I sacrificing long-term benefits for short-term gains?

# Ethical Decision-Making Process

- Steps to take in an ethical dilemma:
  1. Identify the ethical dilemma
  2. Discover alternative actions
  3. Decide who might be affected
  4. List probable effects of alternatives
  5. Select best alternative

# SOCIAL RESPONSIBILITY

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# Understanding New Terms Wkst



# Business and Social Responsibility

- Business ethics focus on decisions considered good or bad (correct or incorrect).
- The social responsibility of business takes into consideration all that a business does or does not do to solve the problems of society.



# Business and Social Responsibility

- Social responsibility is the duty to do what is best for the good of society.
  - Some people believe that if a company produces goods that benefit society, it is fulfilling its social responsibility.
    - However, many people and businesses do not think that is sufficient. They consider social responsibility to be more than that.
  - Some firms are very concerned about limiting the damage that they do to the environment.



# Responsibility To Customers

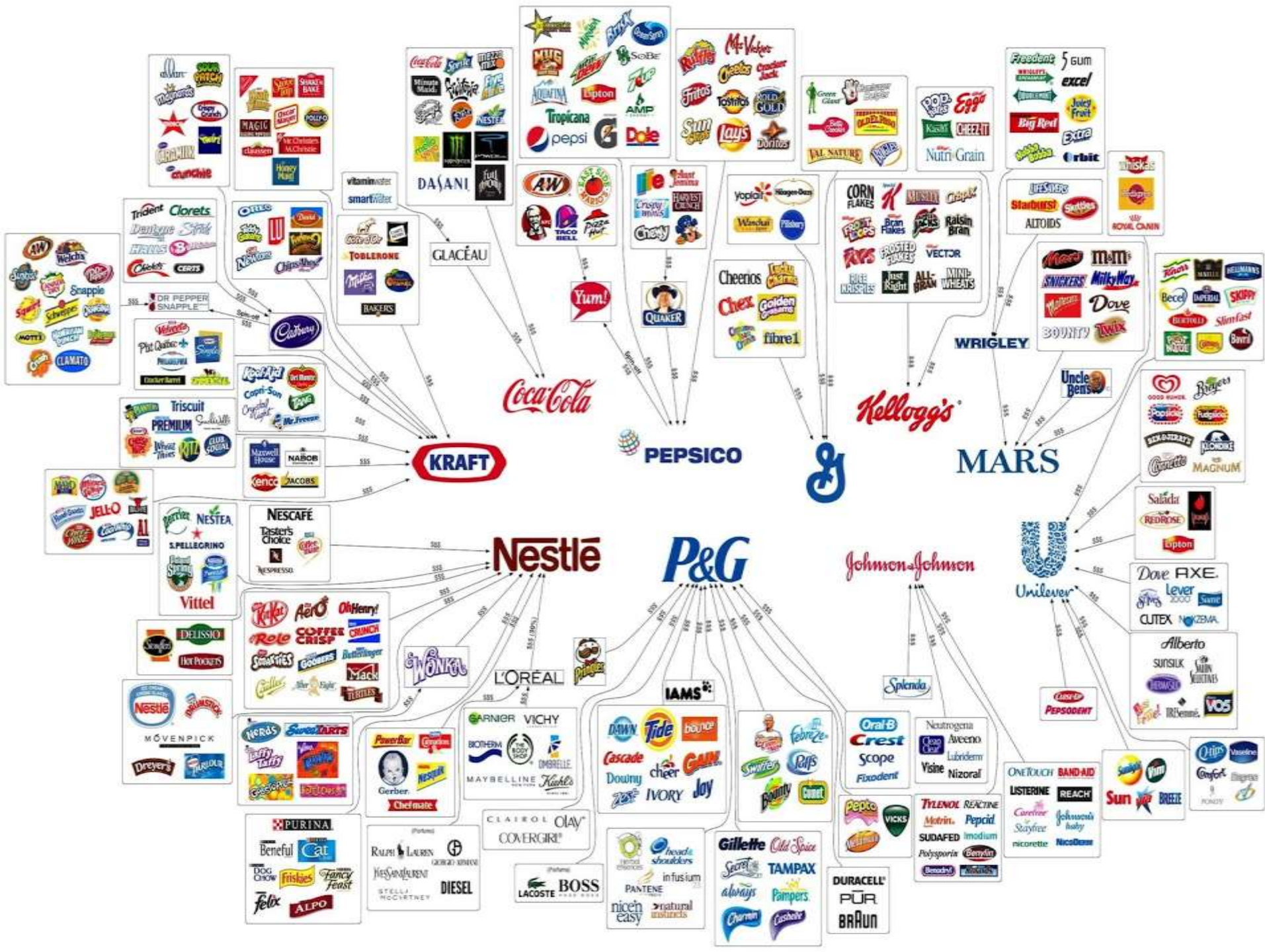
- Businesses should offer a good, safe product or service at a reasonable price.
- The Federal Trade Commission (FTC) is a federal government agency that protects consumers from dangerous or falsely advertised products.



# Responsibility To Customers

- Some companies do not act responsibly in the market when they conspire with other companies to control the market for a product.
  - Together, these companies can control the supply of a product and the prices they charge.
  - When competition is restricted, consumers have fewer choices in what they can buy and how much they have to pay





# Responsibility To Employees

- Businesses have a social responsibility to provide employees with safe working conditions, equal treatment, and fair pay.
  - The Equal Pay Act of 1964 requires that men and women be paid the same wages for doing the same work.
  - The Americans With Disabilities Act (ADA) of 1990 bans discrimination against people with physical or mental disability.

# Responsibility To Employees

- Some businesses provide work experience for people with limited job skills.
  - Many of these people are public assistance recipients.
  - The purpose of such programs is to develop the skills and confidence levels necessary for success.

# Responsibility To Employees

- **Volunteerism** is another way businesses tackle societal problems.
  - Some companies allow employees to take one or more paid days off during the year to work on **community** projects.





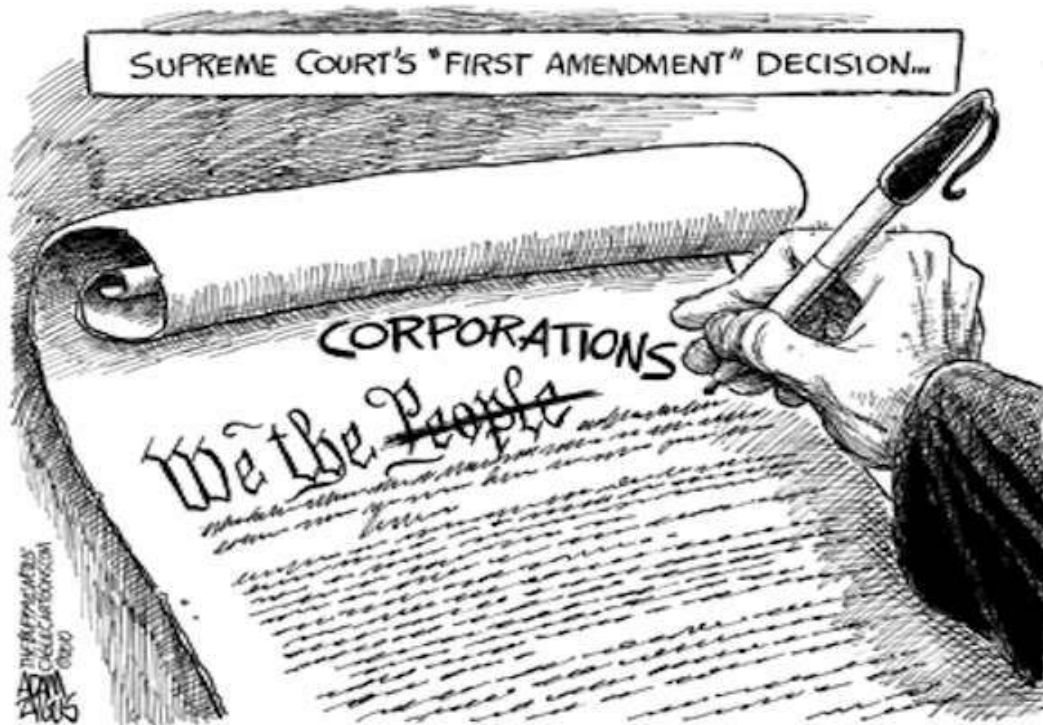
# Responsibility To Society

- Businesses also have responsibilities to society.
  - One of the biggest social issues facing businesses today is **environmental** responsibility.
  - In 1970, the U.S. Gov't created the **Environmental Protection Agency** (EPA) to enforce rules that protect the environment and control pollution.



# Responsibility to Creditors and Owners

- In the late 1990's and early 21<sup>st</sup> century, a number of large, major corporations kept inaccurate **accounting** records showing higher profits than actually received.
  - Their behaviors were **unethical** and **unlawful**.



# Responsibility To Creditors and Owners

- These behaviors are harmful to creditors (those who loan money) and outside shareholders (those who are owners but do not work in the business).
- The Sarbanes-Oxley Act of 2002 mandates truthful reporting and makes CEO more accountable for the actions of the financial managers of a firm.

# Social Responsibility Table Wkst

# **Dioxin, Duplicity and DuPont Video**

Task: Complete Questions Sheet